

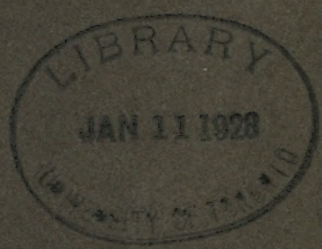
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ANNUAL REPORT

OF THE



CANADIAN NATIONAL
RAILWAYS

System

FOR THE
YEAR ENDED 31st DECEMBER
1921

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ANNUAL REPORT

OF THE

CANADIAN NATIONAL RAILWAYS

FOR THE

Year ended 31st December,
1921.

BOARD OF DIRECTORS

Mr. D. B. HARRIS, President, Ottawa, Ont.

Mr. A. J. MITCHELL, Vice-President, Toronto, Ont.

MAJOR GEORGE A. HELL, Chairman of the Board, Toronto, Ont.

MR. ROBERT HODGON, Treasurer, Toronto, Ont.

MR. E. E. WOOD, Secretary, Toronto, Ont.

MR. R. T. RILEY, General Manager, Winnipeg, Man.

MR. HENRIEDAS LAPORTE, Montreal, Que.

MR. A. P. BARNARD, St. John, N.B.

NOTE. In this Report the term

“CANADIAN NATIONAL RAILWAYS”

is used for convenience
to include:

Canadian Northern Railway System,
Canadian Government Railways,
Grand Trunk Pacific Railway.

Toronto, April, 1922

ANNUAL REPORT

OF THE

CANADIAN NATIONAL
RAILWAYS

FOR THE

Year ended 31st December,

1931

PRINTED BY THE
CANADIAN NATIONAL RAILWAYS

General Manager
Canadian National Railway
Ottawa, Ontario

GENERAL OFFICERS

President	Mr. D. B. HANNA
Vice-President	Mr. A. J. MITCHELL
General Manager	Mr. C. A. HAYES
General Superintendent	Mr. M. H. HALL
General Agent	Mr. S. J. HUNTER
General Freight Agent	Mr. R. C. VANDERKAM
General Passenger Agent	Mr. G. A. RILEY
General Ticket Agent	Mr. A. J. HILLS
General Freight Agent	Mr. F. P. BRADY
General Passenger Agent	Mr. R. P. ORMSBY
General Ticket Agent	Mr. A. E. WATSON
General Freight Agent	Mr. W. A. KINGSTON
General Passenger Agent	Mr. G. A. STEPHEN
General Ticket Agent	Mr. H. H. MITCHELL

BOARD OF DIRECTORS

Mr. D. B. HANNA.....	Toronto, Ont.
Mr. A. J. MITCHELL.....	" "
MAJOR GRAHAM A. BELL.....	Ottawa, Ont.
Mr. ROBERT HOBSON.....	Hamilton, Ont.
Mr. E. R. WOOD.....	Toronto, Ont.
Mr. R. T. RILEY.....	Winnipeg, Man.
SIR HORMISDAS LAPORTE.....	Montreal, Que.
Mr. A. P. BARNHILL.....	St. John, N.B.

CANADIAN NATIONAL RAILWAYS

GENERAL OFFICERS

MR. D. B. HANNA.....	<i>President</i>
MR. A. J. MITCHELL.....	<i>Vice-President</i>
MR. C. A. HAYES.....	<i>Vice-Pres., in charge of Traffic</i>
MR. M. H. MACLEOD.....	<i>Vice-Pres., in charge of Construction</i>
MR. S. J. HUNGERFORD.....	<i>Vice-Pres., in charge of Operation</i>
MR. R. C. VAUGHAN.....	<i>Vice-Pres., in charge of Purchases & Stores</i>
MR. GERARD RUEL.....	<i>General Counsel</i>
MR. A. J. HILLS.....	<i>Assistant to President</i>
MR. F. P. BRADY.....	<i>Assistant to Executive</i>
MR. R. P. ORMSBY.....	<i>Secretary</i>
MR. A. E. WARREN.....	<i>General Manager, Western Lines</i>
MR. W. A. KINGSLAND.....	<i>General Manager, Eastern Lines</i>
MR. GEO. STEPHEN.....	<i>Freight Traffic Manager</i>
MR. H. H. MELANSON.....	<i>Passenger Traffic Manager</i>
MR. C. E. FRIEND.....	<i>Comptroller, Can. Nor. Ry. System</i>
MR. S. L. SHANNON.....	<i>Comptroller and Treas. C. G. Rys.</i>
MR. A. C. EGAN.....	<i>General Auditor, Can. Nor. Ry. System</i>
MR. H. G. FOREMAN.....	<i>Treasurer, Can. Nor. Ry. System</i>
MR. C. D. COWIE.....	<i>Assistant to Vice-President</i>
MR. C. S. GZOWSKI.....	<i>Assistant to Vice-President, Construction</i>
MR. D. CROMBIE.....	<i>Transportation Assistant</i>
MR. C. B. BROWN.....	<i>Engineering Assistant</i>
MR. G. E. SMART.....	<i>Mechanical Assistant, Car Dept.</i>
MR. C. E. BROOKS.....	<i>Mechanical Assistant, Locomotive Dept.</i>
MR. E. P. MALLORY.....	<i>General Statistician</i>
MR. R. M. MITCHELL.....	<i>Right of Way & Property Commissioner</i>
MR. T. G. WATSON.....	<i>Tax Commissioner</i>
MR. W. Y. MUIRHEAD.....	<i>Insurance Commissioner</i>
MR. J. R. CAMERON.....	<i>Assistant General Manager</i>
MR. H. H. BREWER.....	<i>Assistant General Manager</i>
MR. L. S. BROWN.....	<i>Assistant General Manager</i>
MR. W. PRATT, JR.....	<i>Mgr., S.D. & P. Cars and Hotel Dept.</i>
MR. D. R. GUNN.....	<i>Registrar</i>
MR. E. A. FIELD.....	<i>Land Commissioner</i>
MR. W. A. BROWN.....	<i>Gen'l Supt., Western District</i>
MR. B. T. CHAPPELL.....	<i>Gen'l Supt., Prairie District</i>
MR. A. WILCOX.....	<i>Gen'l Supt., Central District</i>
MR. W. R. DEVENISH.....	<i>Gen'l Supt., Ontario District</i>
MR. J. E. MORAZAIN.....	<i>Gen'l Supt., Quebec District</i>
MR. J. C. O'DONNELL.....	<i>Gen'l Supt., Maritime District</i>
MR. E. W. OLIVER.....	<i>Gen'l Supt., Niagara District</i>
MR. G. C. ROYCE.....	<i>Manager, Toronto Suburban Railway</i>

LONDON (ENGLAND) OFFICES

MR. R. M. HORNE-PAYNE, <i>Financial Representative</i>	MR. WM. PHILLIPS, <i>European Manager</i>
MR H. W. HARDING.....	<i>Local Secretary</i>

CANADIAN NATIONAL RAILWAYS

ANNUAL REPORT

For Year ended 31st December, 1921

Object and Scope of this Report: This report of the operations of the Canadian National Railways for the calendar year 1921 has been prepared by order of the Board of Directors with the object of presenting in convenient form the combined operating results of the three groups of lines which have been placed by the Dominion Government in the hands of the Board for administration.

While this is the first report of the System as a whole, it covers what may be regarded as the third year in the life of the National System. Reports have been submitted on behalf of this Board covering the operations of the Canadian Northern Railway System since its acquisition by the Dominion Government, and the usual reports have been compiled under the Board's direction for the Canadian Government Railways since the operation of these lines was placed in the hands of this Board. These reports together with the returns of the Grand Trunk Pacific Railway since the date that the latter railway was placed in the hands of the Minister of Railways and Canals as Receiver have formed part of the Minister's Annual Statement as to the operation of Government railways, and have been included in the Dominion Government's Annual Blue Book of Railway Statistics. In view of the unified operation of the three groups of railways it is considered proper that the results of the system as a whole should be reviewed. In order that the record for the first two years may be available in this form the statistical comparison covers the three year period 1919-1921 and the conditions affecting the first two years' operations are also referred to briefly.

The Canadian Northern Railway purchase was as from 30th September 1917, and although the Government had representatives on the Board of Directors through the previous acquisition of a certain amount of Capital Stock, actual control of the Company was not taken by the Government until the completion of the arbitration proceedings in September 1918, when the new Board of Directors was appointed.

On 20th November 1918 the jurisdiction of the Board was extended over the Canadian Government Railways.

From 1st September 1920, the management of the Grand Trunk Pacific Railway, of which Company the Minister of Railways had in March 1919 been appointed Receiver, was placed in the hands of the Board, under Order-in-Council of 12th July, 1920. Under this arrangement the Board acts as Manager for the Receiver.

Mileage: The operated mileage as at 31st December, 1921, was made up as follows:—

	Miles
Canadian Northern Railway System.....	9,773.70
Canadian Government Railways	
Intercolonial Railway & Branch Lines } 4,509.95	
National Transcontinental Railway }	
St. John & Quebec Railway.....	172.07
	4,682.02
Grand Trunk Pacific Railway.....	2,756.38
Total Railway—Steam Operated.....	17,212.10
Canadian Northern Railway System	
Electric Lines	126.20
Total Mileage Operated.....	17,338.30

Operating Results: The results of operation for the year were as follows:—

	1921
Gross Earnings.....	\$126,691,455.72
Operating Expenses.....	142,784,357.48
Loss in Operation.....	\$ 16,092,901.76
The figures for the previous year were:—	
	1920
Gross Earnings.....	\$125,641,752.31
Operating Expenses.....	162,484,722.48
Loss in Operation	\$ 36,842,970.17

It will be seen from the above that the loss in operation in 1921 compared with 1920 was cut down by \$20,750,068.41.

Gross Earnings: The increase in gross earnings in 1921 over 1920 of \$1,049,703.41 is remarkable for the reason that in reporting an increase in gross the National Railway System stands alone as the only railway on the continent of anything like transcontinental character that had greater revenue in 1921 than in the preceding year. While all lines had the benefit of increases in freight and passenger rates, yet in nearly every instance additional earnings from this source were more than offset by the drop in the volume of traffic handled.

The Directors consider that the improvement in the relative position of the National Railway System as a carrier of Canadian business, which the above and other figures indicate, is largely due to the improved condition of the Railways' property as a whole, and to the better services which this condition has permitted, as well as better acceptance by the public generally of the definite place which the National System has secured in the economic life of the country.

Passenger traffic receipts decreased by 10½%, and freight revenue increased by 3.12%.

Reduced Expenses and Improved Net Situation:

With the decline in car loadings which occurred after the middle of April, 1921, and as the business depression showed signs of continuing for some time, the management took action to reduce operating expenses as far as this could be done without impairing the physical condition of the Railways' lines, structures and equipment. A policy of rigid economy was continued throughout the year with the result that Operating Expenses were reduced as compared with 1920 by \$19,700,365, being a reduction of 12.1%. This reduction in expenses together with the increase in Gross Earnings already referred to of \$1,049,703.41 makes up the improvement in the net situation of \$20,750,068.41 as compared with the previous year.

A wage adjustment became effective from 16th July 1921, and was therefore in effect for 5½ months of the year; it was spoken of as a 12½% reduction but has worked out at about 10½%.

Earnings and Expenses: A distribution of the earnings and expenses for the three years is as follows:—

<u>Gross Earnings</u>	<u>1921</u>	<u>1920</u>	<u>1919</u>
Canadian Northern Ry. \$	69,088,474.16	\$66,695,398.80	\$53,562,177.57
Canadian Govt. Rys.	40,964,303.92	44,537,803.85	40,179,380.93
Grand Trunk Pacific Ry.	16,638,677.64	14,408,549.66	11,294,617.87
Total.....	126,691,455.72	125,641,752.31	105,036,176.37

Operating Expenses

Canadian Northern Ry..	\$75,564,385.30	\$82,953,978.60	\$60,034,023.92
Canadian Govt. Rys.	46,551,602.67	54,987,680.28	47,728,205.73
Grand Trunk Pacific Ry.	20,668,369.51	24,543,063.60	17,587,567.37
Total.....	142,784,357.48	162,484,722.48	125,349,797.02

Operating Deficit

Canadian Northern Ry..	\$6,475,911.14	\$16,258,579.80	\$6,471,846.35
Canadian Govt. Rys..	5,587,298.75	10,449,876.43	7,548,824.80
Grand Trunk Pacific Ry.	4,029,691.87	10,134,513.94	6,292,949.50
Total.....	16,092,901.76	36,842,970.17	20,313,620.65

General Conditions Since the Board's Appointment:

In order that the variation in the above figures may be understood it is necessary to give a brief outline of the conditions affecting railway operation in each of these years. It may first be stated that when the Board was appointed in September 1918, the resources of the country were being severely taxed to maintain the nation's participation in the Great War. A survey of the wartime requirements of the railway system was not completed before the Armistice brought on all the problems of reconstruction. The McAdoo Award, which Canadian railways under arrangement with Dominion Government had adopted generally from 1st August 1918 (although earlier in the case of some branches of the service) was just beginning to show a serious effect on operating results. It was known before the close of that year that the freight rate increases that were granted with the object of offsetting these McAdoo

wage increases and other rises in operating expenses were absolutely inadequate for the purpose. When the U. S. Government decided to treat the railways' losses under Federal control as war expenditure it was official recognition in that country of the disproportion between Expenses and Earnings. As freight rate adjustments had generally, at least in recent years, been made in the two countries practically simultaneously, many through and international rates being interlocked and dependent on joint action, and as there had existed for years a general level between freight rates and passenger fares on both sides of the international boundary, to have attempted to disturb all this by raising rates and fares in Canada without an adjustment in United States would have been a step which might have had very serious consequences. At all events no further increase was granted to offset the exceptional increases in operating expenses until the United States railways were handed back to their owners. In the meantime Canadian railways had to operate under conditions which it was beyond the power of the managements to control, revenue and expenses both being fixed, and the two factors bearing an admittedly improper relationship. In United States the railways as corporations were not affected by the losses which necessarily resulted from the disproportion between expenditures and receipts because the Government guaranteed to them a return based on their pre-war performance. The operating losses of the U. S. railways assumed by the U. S. Government for the period of Federal control amounted to \$1,443,810,000, and in addition to this sum the U. S. Government advanced for betterments the sum of \$1,144,000,000 to roads they do not own.

1919: This was a year of transition, the first after war year, during which it was necessary to spend a larger sum than usual on maintenance. The expenses were naturally higher due to the McAdoo award and many of its supplements being effective throughout the year. Material and supply costs were also high.

The Directors having definitely adopted the policy of building up of the various lines owned by the Government a National Railway System in all respects equal to the Canadian Pacific Railway in its ability to give good and adequate railway service, it followed, as the lines were brought up to proper standard and as suitable equipment could be provided, that improved train services were established with a view to securing for the National System a greater participation in the movement of competitive traffic. During this year a number of wage increases were granted, and yet no relief was afforded the railways in the way of freight or passenger rate increases.

1920: In this year the operating difficulties of the railways became still more acute. The railways entered the year carrying the accumulated burden of the McAdoo Award and all its oppressive supplements. The cost of materials continued to rise. In July the United States Railroad Labor Board announced a general wage increase which the Canadian

railways were in September forced to adopt, and that involved the payment of five months' back time, which for the Canadian Northern and Canadian Government Railways amounted to approximately \$6,000,000, making a yearly increase in the pay roll of \$12,773,200, and which increase of about 23½% put the average wage of employees up to a point 135% higher than the 1914 level.

When the after war boom was at its height the car shortage in United States resulted in a large number of Canadian railways' cars being held across the line, causing a loss of traffic to Canadian railways in which respect the Canadian National Railways were affected with other lines. The cost of living was high; the supply of labour was not equal to the demand, and labour was intractable and therefore inefficient. Material was difficult to obtain at any price. Such conditions naturally made very costly the work with which the management had to proceed in taking up deferred maintenance. The expenditures for improvements and betterments were also made higher. This year saw the peak costs for both labour and material.

The U. S. railways were turned back to their owners on 1st March, 1920, but the Government continued their guarantee till 1st September of that year. Rate adjustments designed to give the railroads a return on their property investment of from 5½ to 6% were made effective in United States from 26th August, 1920. These freight rate and passenger fare adjustments were substantially followed in Canada from 13th September 1920. Shortly afterward the post-war boom burst, and in the face of falling traffic the rate adjustments proved entirely inadequate to meet the expenses they were designed to more than offset. The rate adjustments made no adequate provision for taking care of the large item of back time wages involved in the adoption of the so-called Chicago Award. Under all these circumstances it is not surprising that Canadian railways generally show a high operating ratio for the year. The railways in United States earned in 1920 but 32/100 of 1% on their property investment. It is worthy of note that old established systems such as the Pennsylvania Railroad experienced enormous deficits.

1921: The business depression which began to make itself felt early in 1921 seriously affected the operations of the National System in common with all other railways until August. In that month an upward tendency commenced that continued through to the end of the year due to the usual seasonal crop movement which was substantially heavier than that of the previous year.

Labour forces, as already referred to, were reduced as traffic fell away and a reduction in wages was effected from 16th July. Labour was also more efficient. There were reductions in costs of materials and supplies. The many improvements made to the Railways' property commenced to be favourably reflected in the operating statement, particularly when

the seasonal movement of grain was under way. While maintenance forces were reduced, this was possible without impairment to the property because most of the deferred maintenance had been taken up in 1919 and 1920. The maintenance forces employed in 1921 were able to fully maintain the physical condition of the property and in fact at the end of the three year period the System is in better condition than ever before.

Finance: During the year ending 31st December, 1921, advances were made by the Dominion Government to the Railways in the National System, as follows:—

Canadian Government Railways.	\$ 5,792,896.48
Canadian Northern Railway . . .	\$64,649,245.24
Less repaid from proceeds of Securities	27,927,119.40 36,722,125.84
Grand Trunk Pacific Railway . . .	9,270,500.33
Total	<u>\$51,785,522.65</u>

The advances for the year were applied on Construction and Betterments, Equipment, Repayment of Loans (Including Equipment Trust Obligations) Operating Deficit and Fixed Charges.

The total advances to Canadian Northern Railway Company and Grand Trunk Pacific Railway Company to 31st December, 1921 are as follows:—

	Total Advances to Dec. 31, 1920	Total Advances During Year 1921	Total Advances Dec. 31, 1921
Canadian Northern Railway Company	\$214,366,123.04	\$36,722,125.84	\$251,088,248.88
Grand Trunk Pacific Railway Company	73,209,803.33	9,270,500.33	82,480,303.66

Attention is directed to the fact that the advances made were largely for the purpose of Capital Betterments, Improvements to Property, New Equipment and Refunding of Loans, as well as providing for Deficits and Fixed Charges. The total Net Advances to Canadian Northern Railway have been distributed, as follows:—

Refunding of loans, including principal of equipment securities	\$ 32,306,952.49
New Construction	29,804,673.62
Betterments	21,962,955.31
Railway Equipment	42,339,483.81
Rails, Accessories and Other Material	19,212,656.94
Capital Contracts Payable	1,973,820.00
Fixed Charges and Operating Deficits	103,487,706.71
	<u>\$251,088,248.88</u>

The equipment included under advances to Canadian Northern Railway covered equipment for the National System.

The above figures represent cash advances only and do not include accrued interest. For accrued interest it would be necessary to add \$35,191,210.81 on advances to Canadian Northern Railway and \$14,729,238.80 on advances to Grand Trunk Pacific Railway.

It is submitted, inasmuch as large sections of the System's lines serve the newer parts of the Country and thus assist in their development, and furthermore, as a considerable portion of the advances made by the Government have been for maintaining the property and carrying it over what might be called the pioneer stage, that it would be in order for the Government to refrain from charging the Railways with interest on such advances for a certain definite period. It is further submitted that the Fixed Charges be limited to interest payable to the Public.

During the year an issue of \$25,000,000 Canadian Northern Railway 6½% twenty-five year Sinking Fund Bonds guaranteed by the Dominion of Canada was sold in New York, the proceeds being paid to the Receiver General in repayment of advances by the Dominion Government. There were also retired during the year \$2,000,000 five per cent Duluth, Rainy Lake & Winnipeg Railway Bonds guaranteed by the Canadian Northern Railway Company and £3,650,000 Canadian Northern Railway 5% guaranteed Notes. These were provided for out of an issue of Canadian Northern Railway 7% twenty year Bonds, sold in the New York market in December, 1920. As advantage was taken of the low price of Sterling a very large saving in exchange was made in connection with the refunding of these Sterling loans.

Betterments: It is not possible in a report of this size to deal in detail with the improvements made to the physical properties of the National System in the last three years. The programme of improvements has included work of all kinds. Heavier rail has been provided for trunk lines; ballasting on an extensive scale has been undertaken on lines not previously up to standard; terminals have been enlarged; yards have been improved and extended, sidings have been lengthened; sections of double track have been provided. New buildings of all kinds have been erected to meet traffic requirements and to provide accommodation for employees. Extensive improvements have been undertaken to provide an adequate supply of water for locomotives. Shops have been equipped and much labour saving machinery has been installed. Many temporary structures have been replaced with permanent work. Some line revisions have been undertaken to obtain better gradients and improved river crossings, etc. Telegraph communication has been improved and some additional telephone train dispatching circuits have been installed. It may be said in general that the work undertaken as the above will indicate has affected all branches of operation, and all parts of the System.

In carrying out the improvement programme, proposed expenditures are submitted to an investment examination to see whether the work under consideration will return not only interest on the money to be expended in the way of reduced operating or maintenance expenses, but that it will also show a sufficient return to be a source of profit. This policy with respect to improvements was faithfully followed for the three years, and in the Autumn of 1921 the accumulative effect of the many improvements began to show quite favourably in the operating results. As traffic increases and reaches a volume more nearly equal to that which the main lines were designed to handle, greater benefit will come from the improvements made in carrying out the Betterment Programme.

Rolling Stock and Motive Power: During 1919 and 1920 extensive additions were made to the System's equipment. The Board found on taking office that the rolling stock and motive power were insufficient to meet traffic requirements and that due to war conditions repairs to equipment were in arrears. The improved services which it was found proper to operate required new rolling stock. The new equipment purchased and received in the last three years and the total number of units of each class now available for service are shown in the following table:—

MOTIVE POWER AND ROLLING STOCK ADDITIONS AND INVENTORY

Class	New Equipment Received 1919-1921	In Service 31st Dec., 1921
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Motive Power

Locomotives.....	<u>163</u>	<u>1,973</u>
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Passenger Equipment

First Class Cars.....	20	477
Second Class Cars.....	—	230
Combination Cars.....	—	195
Colonist Cars.....	150	342
Dining Cars.....	21	73
Parlour Cars.....	—	67
Sleeping Cars.....	50	222
Postal Cars.....	20	55
Baggage and Express Cars ..	100	565
Business and Pay Cars.....	2	66
Other Cars in Pass. Service..	12	83
 Total	<u>375</u>	<u>2,375</u>

New Equipment In Service
Received 1919-1921 31st Dec.1921

Freight Equipment

Box Cars	3,750	55,833
Flat Cars	500	9,586
Stock Cars	1,150	3,825
Coal Cars	2,300	8,259
Tank Cars	—	71
Refrigerator Cars	750	1,800
Other Cars in Freight Service	—	1,595
Total	<u>8,450</u>	<u>80,969</u>

Work Equipment

Gravel Cars	84	479
Derrick Cars	—	187
Caboose Cars	155	1,049
Other Road Cars	—	3,419
Total	<u>239</u>	<u>5,134</u>
TOTAL CARS	<u>9,064</u>	<u>88,478</u>

Construction: Prior to the war a number of Branch Lines were under construction in Western Canada. During the war work on these lines was discontinued due to the limitation on spending capital moneys, and on account of the scarcity of labour and material. After the Armistice urgent requests for railway facilities were renewed by settlers along the uncompleted lines and it was considered that the situation warranted the adoption of a programme providing for the completion of certain partly constructed lines and for some extensions of branch lines which would serve new districts where settlement had preceded the railways and where the settlers were suffering most through lack of service.

The present position with reference to lines under construction is, that there still remain 584 miles of grade without track.

Branch Lines Acquired: During the three year period the Management at the request of the Dominion Government has taken over as additions to the Government's Railway System a number of small lines, and of these the following particulars are given as a matter of record:

Name of Railway	General Location	Mileage	Capital Expenditures to 31st March 1921
Quebec & Saguenay Ry.	Quebec	67.61	* \$7,708,325.24
Lotbiniere & Megantic Ry.	Quebec	29.59	346,715.00
Caraquet & Gulf Shore Ry.	New Brunswick	80.01	229,600.00
Cape Breton Ry.	Nova Scotia	30.64	103,753.42

*From Government Blue Book.

In addition to these lines the Hudson Bay Railway was by Order-in-Council turned over to the Board for operation.

Co-ordination: The first step that may be placed under this head was the re-organization which took place as a result of the combination for operating purposes of the Canadian Government Railways and Canadian Northern Railway System in the closing months of 1918. These two groups were each constructed with an entirely different object in view, and in some particulars with the idea of competition rather than co-operation. The situation from an administrative point of view required a re-arrangement of jurisdictional territories and a general re-organization of all departments with a view to providing a management adequate for the requirements of such a large system as was constituted by the combination of these two groups of railways.

Recognized principles of railway organization were followed and the consolidation of official personnel was satisfactorily arranged.

The second step came in September 1920, when, following Governmental authorization of 12th July of the same year which appointed the Board of Directors Managers of the Grand Trunk Pacific Railway acting on behalf of the Receiver, an amalgamation of staff took place and the various Grand Trunk Pacific lines were incorporated into territorial units of the Canadian National Railways.

This co-ordination affected only Western Lines, yet on account of the fact that the lines being amalgamated served much common territory the consolidation for operating purposes involved a general re-arrangement of train service to secure the shortest and most suitable routes. Arrangements were also made for the joint use of terminals and other facilities. A number of duplicate offices were abolished, and certain stations, freight sheds and roundhouses have been closed. A number of rail connections were required and have been put in; others have yet to be constructed. The carrying out of this co-ordination programme has of course resulted in substantial savings in operating expenses. The changes made have also enabled passenger train services to be improved, permit of short routing of freight, and in general have resulted in giving the National System a greater capacity to handle business and give good service to the public. When the full programme is completed further advantages of this kind will be secured.

In the case of both the staff amalgamations special effort was made to give fair representation to the officers of the groups of lines being brought together, and the best proof that this object was attained is found in the general good feeling which prevails in all departments and the loyal co-operation which one department receives from another. Our Vice-Presidents are unanimous in reporting that a proper spirit of rivalry exists as to the competition with the large privately owned system,

that as much enthusiasm exists among the officers and employees as on any privately owned railway, and that there is no evidence of slackness in the service rendered to the public, but on the other hand, a determination to secure results by close attention to the wants of patrons.

Grand Trunk Railway Co-ordination: On 8th March, 1920, an agreement was reached between the Dominion Government and the Grand Trunk Railway in respect to the acquisition of that Company's lines, and subsequently through a joint committee a certain measure of co-ordination has been arranged between the Grand Trunk System and the Canadian National Railways with a view to securing improvement in service and reduction in cost of operation. Duplicate offices and services have to a large extent been eliminated. This has necessitated certain track connections and other facilities. The co-ordination has been generally helpful from both traffic and operating points of view and through it the position of the Nationally owned lines including the Grand Trunk Railway has been materially strengthened.

Rates and Fares: Through a decision in the so-called Western Rates case announced 6th April, 1914, and effective 1st September, 1914, Canadian Railways may be said to have entered the war period with a reduced scale of freight rates. This cannot however be regarded as a war time adjustment, as it was an adjustment based on peace conditions. This adjustment established a rate structure which continued until 1917 and may be regarded as the pre-war level. Rating this level as 100% the freight rate levels which have existed since may be compared with this base as follows:—

Freight Rates Applicable to Canadian National Railways

	Index	Decision, etc.
1. Pre-war level 1914-17	100.00	
2. March 15, 1918....	115.00	15% case.
3. Aug. 12, 1918....	129.96	25% case designed to offset McAdoo Award practically absorbing 15% increase.
4. Sept. 13, 1920....	174.01	Increase of 40% East and 35% West with exceptions.
5. Jan. 1, 1921....	168.28	Reducing increases in item 4 to 35% East and 30% West.
6. Dec. 1, 1921....	156.08	Reducing increases in item 4 to 25% East and 20% West.

Passenger Fares Applicable to Canadian National Railways:

Passenger fares have been subject to certain adjustments as shown below. In this case, the pre-war level is also shown as 100% and the effect of the adjustments in percentages of the pre-war level is shown for information.

	Index	Decision, etc.
Pre-war level 1914-1917	100%	
Mar. 15, 1918.....	115	Increase 15%.
Sept. 13, 1920.....	133.4	Increase 20% with 4c. maximum.
Jan. 1, 1921.....	126.5	½ of 20% increase of 13th Sept. 1920 removed.
July 1, 1921.....	115.0	Balance of increase of 13th Sept. 1920 removed.

From the above it may be noted that the highest level attained by freight rates was 74% above the pre-war level, and the highest level of passenger fares 33.4%. During 1920 wholesale prices—as an index of the cost of material and supplies used by the railways—were up as high as 164% above 1914 level, and wages of railway employees were by the 1920 scale placed 135% above the 1914 scale. No better evidence can be produced of the disparity between rates and operating costs with which the Railways have recently had to contend.

Wages: References have been made to the labour situation since the Canadian National Railways were established, and it is perhaps desirable to show the general relationship which wages have borne to gross revenue.

Canadian National Railways

Year	Gross Revenue	Operating Labour	% of Operating Labour to Gross Revenue
1919	\$105,036,176.37	\$78,676,923.50	74.90
1920	125,641,752.31	98,767,720.16	78.61
1921	126,691,455.72	82,381,597.87	65.03

Train Service: Undoubtedly one of the greater handicaps placed on the National System is the necessity of operating—and consequently maintaining—duplicate main lines which generally may be said to have been designed as competing routes. In all there are 8,000 miles of main line in the National Railways not including what are recognized as trunk lines. This main line mileage is 47% of the total, whereas the single main line of the privately owned competitor of the National System forms but 27% of the total mileage. This situation, with the low traffic density existing on the National System and the general demand made by all communities for service has made it a matter of great concern to the Directors and management as to just how far they should go to meet these conditions in the way of train service. The problem is not confined to main lines, but is one that comes up in connection with every locality served in every Province. Under the circumstances existing, it is considered that the results of operation in the latter months of 1921, when the business then

being handled more than carried the service, indicated that the relationship between service and expenditure was not much out of line. Although freight and passenger rates have since been reduced it is considered that the better price conditions now prevailing and wage adjustments which reasonably may be expected, when made, will under normal traffic conditions enable an even better showing to be made provided that the railways' revenues are not depleted by further rate reductions.

It will be noted from the Train Mile Statistics that the average train service performed in 1921 was less than in either of the two preceding years. For all trains the average was just over $2\frac{3}{4}$ trains each way per day for each mile of line operated.

Freight Train Loading and Density of Traffic

Notwithstanding the drop in density of traffic the freight train loading was improved. The following figures show a steady improvement with respect to this important feature of operation:

Freight Train Loading	1919	1920	1921
Average number of tons of revenue freight per train mile.	359	377	409
Freight Density			
Ton miles per mile of line	478,523	558,314	530,839

When the relatively light traffic movement is considered, the average freight train load of the National System may be considered satisfactory. In fact there is no comparable case on record where a train load as heavy as shown above has been obtained with such a relatively light traffic movement. The freight train service on the National System in 1921 averaged one and a half freight trains each way per day for every mile of operated line, so that it is difficult to see how heavier train loading could be obtained under present traffic conditions as the situation could hardly be met with less frequent service.

Telegraphs: The Canadian National Telegraph system embraces 23,169 miles of pole line and 109,672 miles of wire, and is the medium through which all the National Railways' telegraph lines are constructed and maintained. A commercial telegraph business is operated over practically all the National Lines including the Grand Trunk Railway System in Canada, also over the Michigan Central Railway (Canadian Division) the Great Northern Railway, (in Manitoba) the Central Vermont Railway (in Canada) and other smaller railways, as well as over certain mileage of lines on highways.

The Canadian National Telegraph System embraces the lines of the Great North Western Telegraph Company, the Canadian Northern Telegraph Company and Grand Trunk Pacific Telegraph Company. The Canadian National Telegraph System has exclusive connections with the Western Union Telegraph Company.

Express: On 1st. September 1921, the Canadian National Express Company (owned by the Canadian Northern Railway Company) and the Canadian Express Company (owned

by the Grand Trunk Railway Company) were co-ordinated and one organization was formed from the staffs of the two companies, which now provides the express service over the Canadian National Railways and also over the lines of the Grand Trunk Railway System, operating as the Canadian National Express Company. The net earnings of the Company after allowing to the railways their contract divisions for train and other privileges, are divided between the Canadian National Railways and the Grand Trunk Railway on an agreed basis. The results for the four months ending December 31st, indicate the favorable effect of co-ordination, the figures being as follows:—

Express Coy's Results	1921	1920	Decrease or INCREASE
Gross Earnings.....	\$4,380,794.31	\$4,475,061.51	\$94,267.20
Less Express Privileges....	1,924,247.49	1,980,830.69	56,583.20
Operating Revenue.....	2,456,546.82	2,494,230.82	37,684.00
Operating Expenses.....	2,199,732.10	2,424,258.06	224,525.96
Net Operating Revenue...	256,814.72	69,972.76	186,841.96

Steamers: G. T. Pacific passenger and freight steamers are operated between Seattle, Victoria, Vancouver and Prince Rupert. Car ferries are also operated between Victoria and Vancouver, between Cape Tormentine, N. B. and Borden, P. E. I. and between Mulgrave, N. S. and Pt. Tupper, C. B.

Lands: Land Sales for the years ending 31st December 1919, 1920 and 1921 were as shown in the following table This table also shows the sales which had previously been entered into and which were by mutual arrangement cancelled during corresponding periods.

Year	Actual Sales	Average
1919	79,053.303 acres \$1,535,608.44	\$19.42
1920	84,002.172 " 1,738,801.46	20.70
1921	17,031.15 " 321,042.08	18.85

Year	Cancellations	Average
1919	32,403.299 acres \$467,370.15	\$14.42
1920	31,188.76 " 412,457.19	13.22
1921	17,032.08 " 273,720.56	16.07

It will be seen that the actual sales for 1919 and 1920 were greatly in excess of the sales for the year 1921 and at higher prices. This condition is accounted for by the fact that during the War period and also during the years 1919 and 1920 prices of stock, grain and all farm products were very high and land prices increased accordingly. During the year 1921, however, the conditions changed, prices of farm products fell rapidly with the result that any sales that could be made were based on the lower prices of farm products.

As at December 31st, 1921, there remained unsold 719,496 acres. As it is important from a traffic standpoint that the Company's lands tributary to the Railway should be occupied, it is felt that the terms and conditions of sale should be modified and special inducements will be offered to bona fide settlers.

Elevators: Terminal elevators with modern equipment are owned at Port Arthur and Fort William.

Canadian Northern Ry. Port Arthur

Capacity 8,350,000 bushels.

Grand Trunk Pacific Ry. Fort William

Capacity 5,750,000 bushels.

Drydock: A modern ship yard, dry dock and ship repair plant at Prince Rupert is owned by the Grand Trunk Pacific Development Co.

Conclusion: In submitting this Report the members of the Board desire to direct attention to the modern character and general excellence of the physical property of the National System. The Main Lines of the Canadian National Railways were constructed to standards generally superior to those adopted by railways built in earlier years. Consequently in the matter of grades and curves there are no other transcontinental lines built throughout their length to the standards adopted for the Main Lines of the Canadian National Railways.

The Improvement and Betterment Programme followed during the last three years has been developed with a view to bringing up to standard any facilities or sections of line which by experience were found to be limiting factors from an operating point of view.

While the amount of money advanced by the Government in the last three or four years is of itself a large sum, yet it forms but a relatively small percentage of the capital investment of the National System, nor is the sum expended out of line with the expenditures made by other great railway systems during the period of their physical improvement. In considering this feature it should be remembered that the amount of expenditure has been considerably augmented by the exceptionally high levels reached by material and labour costs during the three years in which this work has had to be done on the Canadian National Railways. These same conditions have made the purchase of necessary equipment and motive power run into very high figures.

In regarding the annual expenditures the magnitude of the National System should be kept in mind. It may be seen from the Balance Sheets included in this report that the physical assets of the National System total \$1,280,000,000. The importance of maintaining the property in first class condition for the traffic movement which may reasonably be expected may be referred to. As a means of indicating this, it may be pointed out that if this great investment were permitted to deteriorate to the extent of 5% it would involve a shrinkage in value of \$63,750,000 or approximately four times the loss in actual operation sustained in 1921.

The three year period during which the present Board has administered the Canadian National Railways has been full of operating difficulties and most disturbed economic conditions. In this period three separate groups of railways have been organized into one smooth working system. The physical

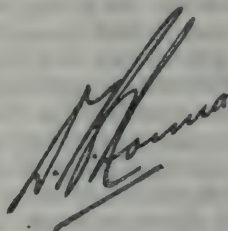
property of the railways which, due to the War, was in an exhausted condition has been improved, many facilities have been added, proper rolling stock and motive power have been provided. The relation of the various lines to the main service under the co-ordination programmes has been worked out.

The system must be regarded as still in its probationary period. The main lines of the Canadian Northern, National Transcontinental and Grand Trunk Pacific Railways were not completed until 1915 and over 35% of the System's mileage has been taken over for operation since the outbreak of the War. Since 1914 there has been practically no immigration and there has been little industrial or other commercial development. Under these circumstances the performance in 1921, when rates were admittedly low measured from a cost of service point of view, and when expenses were exceptionally high, may be regarded as creditable. The Directors knowing the general excellence of the territory served by a large percentage of the System's mileage, and with the knowledge that in many respects the System's lines are in premier position to reach the future traffic resources of the Dominion, are confident that sufficient traffic to sustain the National System can be developed within a reasonable period of normal progress. In the meantime the System has a carrying capacity considerably beyond the present volume of traffic.

Improvement of the System's relative position may be expected when the completion of the co-ordination programme provides short line connections that will expedite the movement of business and reduce operating costs. As the System develops its services and facilities, a larger proportion of the better grade commodities will be routed by its lines with a consequent improvement in the average ton mile rate. It may be expected that the Government will at an early date formulate a plan for the encouragement of proper immigrants to the country, in which no doubt the Canadian National Railways will be asked to co-operate. From this much benefit may be expected.

The Directors wish to record their appreciation of the loyal and efficient services rendered by officers and employees. There is every reason to believe that the employees fully participate in the spirit that dominates the official personnel in all departments and that the entire organization is a unit in its endeavour to secure a fair share of the Country's transportation business for the National Lines. Loyal support to the consolidated management has been given and the best possible relationship exists with all classes of employees.

FOR THE DIRECTORS,

A handwritten signature in dark ink, appearing to read 'W. H. ...', is written over a horizontal line.

President.

TORONTO APRIL, 1922.

CANADIAN NATIONAL RAILWAYS

APPENDIX

1. Canadian Northern Railway

- (a) Balance Sheet
- (b) Income Statement
- (c) Profit and Loss Statement
- (d) Funded Debt
- (e) Advances from Dominion Government

2. Grand Trunk Pacific Railway

- (a) Balance Sheet
- (b) Income Statement
- (c) Profit and Loss Statement
- (d) Funded Debt
- (e) Advances from Dominion Government

3. Canadian Government Railways

- (a) Balance Sheet
- (b) Income Statement

Canadian National Railways

- 4. Operating Revenue, Operating Expenses and Net Earnings**
- 5. Combined Income Statement**
- 6. Operating Revenue and Proportion Paid in Labour**
- 7. Passenger, Freight and Miscellaneous Statistics**
- 8. Description of Freight Carried.**
- 9. Summary of Equipment**
- 10. Mileage Statement.**

ASSETS**INVESTMENTS—Property Investment.**

Investment in Road and Equipment including portion of Discount on Funded Debt.....	\$ 603,268,845.00
Acquired Securities	47,834,181.81
	<u>\$ 651,103,026.81</u>

Cash and Victory Bonds (at cost) in Trust Accounts held in respect of Construction Work, Sinking Funds and other Special Accounts:	
Dominion Government.....	1,371,498.44
Province of Manitoba.....	56,138.51
Province of Saskatchewan.....	1,220,917.19
Province of Alberta.....	1,289,318.85
Province of Ontario.....	102,835.01
Province of British Columbia....	331,880.37
National Trust Company.....	1,783,536.66
British Empire Trust Company..	38,757.13
Sinking Funds.....	1,569,049.42
C. N. Express Trust.....	30,424.74
	<u>7,794,350.32</u>
Lands Unsold.....	18,121,448.17
Other Investments (at cost).....	4,803,283.70
	<u>681,822,115.00</u>

CURRENT ASSETS.

Cash in Bank.....	4,179,609.54
Balance due from Agents, Station Balances, etc. (net).....	2,081,383.38
Miscellaneous Accounts Receivable.	14,282,411.24
Deferred Payments on Account of Land Sales and Accrued Interest..	7,937,757.08
Material and Supplies on hand as per Books.....	27,835,477.90
	<u>56,316,638.24</u>

DEFERRED CHARGES.

Portion of Discount on Funded Debt.....	850,063.31
Insurance Premiums Unexpired....	512,567.96
Unadjusted Debits—Net Balance..	1,125,018.46
	<u>2,487,649.73</u>

ADVANCES BY THE CANADIAN NORTHERN RAILWAY COMPANY TO AFFILIATED COMPANIES, (PER CONTRA).....

12,861,609.40

PROFIT AND LOSS ACCOUNT—BALANCE

85,167,760.29

\$ 838,655,772.66

NOTE: The Ontario Government questions the title of the Canadian Northern Ontario Railway to the lands granted in respect of construction of lines in Ontario which are valued by the Company at \$6,000,000.

RAILWAYS

RAILWAY SYSTEM

BALANCE SHEET

31st, 1921

LIABILITIES

STOCK—		
CAPITAL STOCK—		
COMMON		\$ 100,000,600.00
AFFILIATED COMPANIES	\$ 77,192,400.00	
Less: Held in Treasury	74,295,200.00	2,897,200.00
		<hr/> 102,897,800.00
LONG TERM FUNDED DEBT—		
Canadian Northern Railway	175,017,195.57	
Affiliated Companies	127,321,811.79	
	<hr/> 302,339,007.36	
FIVE PER CENT. INCOME CHARGE		
CONVERTIBLE DEBENTURE STOCK	24,999,388.00	
EQUIPMENT TRUST OBLIGATIONS		
	36,656,000.00	
	<hr/> 363,994,395.36	
SHORT TERM LOANS SECURED BY		
COLLATERAL OR MORTGAGE		
Demand and Short Term Loans		41,442,438.82
DOMINION OF CANADA		286,279,459.69
CURRENT LIABILITIES—		
Audited Vouchers and other		
Floating Liabilities	14,110,003.13	
Pay Rolls	2,354,690.12	
Interest and Equipment Obligations		
matured (Since paid)	4,203,821.24	
Accrued Interest on Bonds, Loans		
and Equipment Securities	2,495,251.88	
Taxes Accrued	1,330,876.26	
	<hr/> 24,494,042.68	
RESERVES—		
Steamship Replacement Fund	3,310,019.45	
Equipment Replacement Fund	107,977.09	
Insurance Fund	587,580.29	
Portion of Profit on Exchange		
Reserved	2,679,849.93	
	<hr/> 6,685,426.76	
ADVANCES TO AFFILIATED COMPANIES		
BY CANADIAN NORTHERN RAILWAY		
COMPANY, (PER CONTRA)		
		12,861,609.40

C. E. FRIEND,
Comptroller.

\$838,655,772.66

AUDITORS' CERTIFICATE

We have examined the books and records of the Canadian Northern Railway System for the twelve months ended 31st. December 1921. and we certify that in our opinion the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the affairs of the System at 31st. December 1921. and is in accordance with the books and the explanations and information given us.

GEORGE A. TOUCHE & CO.
Chartered Accountants
Auditors

Toronto, Canada,
April 8, 1922.

CANADIAN NORTHERN RAILWAY SYSTEM

INCOME ACCOUNT

For Fiscal Year ended December 31st, 1921.

Railway Operating Revenue.....	\$69,088,474.16
Railway Operating Expense.....	75,564,385.30
Net Deficit on Operation (Operating ratio 109.37%).....	\$ 6,475,911.14
Railway Tax Accruals.....	1,191,890.84
	\$ 7,667,801.98
Non Operating Income.....	3,119,349.72
	\$ 4,548,452.26
Deductions from Gross Income.....	1,011,242.14
	\$ 5,559,694.40
Fixed Charges—	
Canadian Northern Railway.....	11,703,146.27
Affiliated Companies.....	4,844,985.90
Interest on Demand and Short Term Notes	
Government.....	13,224,208.27
Other (Net balance).....	1,047,575.34
	\$30,819,915.78
Deficit carried to Profit and Loss Statement....	\$ 36,379,610.18

CANADIAN NORTHERN RAILWAY SYSTEM

PROFIT AND LOSS STATEMENT

At December 31st, 1921

Deficit on Income Account for the year..	\$ 36,379,610.18
Delayed Income Drs. and Crs.—Dr. Balance	555,543.16
Discount, etc. on Funded Debt.....	260,773.75
	<u>\$ 37,195,927.09</u>
Less:—	
Transferred from Reserve for Exchange Contingencies.....	2,000,000.00
	<u>\$ 35,195,927.09</u>
Deficit brought forward at December 31st, 1920.....	\$ 50,140,977.66
Less:—	
Canadian Northern Coal & Ore Dock Surplus, August 31st, 1921.....	169,144.46 49,971,833.20
Deficit at December 31st, 1921, carried to Balance Sheet.....	<u>\$ 85,167,760.29</u>

CANADIAN NORTHERN RAILWAY SYSTEM

FUNDED DEBT

Guaranteed as to Principal and Interest by Dominion of Canada

	STERLING	CURRENCY
3% 1st Mortgage Debenture Stock..	£1,923,287	\$9,359,996.72
3½% 1st Mortgage Debenture Stock..	1,622,586	7,896,588.26
4% Dominion Guaranteed Debenture Stock		17,060,333.33
6½% 25 Year Sinking Fund Deb- enture Bonds		25,000,000.00
7% 20 Year Sinking Fund Deb- enture Bonds		24,793,000.00

Guaranteed by Government of Manitoba

4% 1st Mortgage Consolidated Debenture Bonds	2,215,900	10,784,046.66
UNDERLYING BONDS—		
4% Sifton Branch Bonds	233,700	1,137,340.00
4% Gilbert Plains Branch Bonds	500	2,433.33
4% Manitoba & S.E. Bonds ..	105,300	512,460.00
4% Ontario Division 1st Mortgage Debenture Bonds	1,180,600	5,745,586.66
4% Winnipeg Terminal Bonds	616,438	3,000,000.00
4% 1st Mortgage Debenture Stock..	587,671	2,859,998.87

Guaranteed by Government of Saskatchewan

4% 1st Mortgage Debenture Stock..	1,650,000	8,029,999.99
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Guaranteed by Government of Alberta

4% 1st Mortgage Debenture Stock..	1,147,945	5,586,665.64
4% Perpetual Consolidated Debenture Stock	9,234,867	44,943,019.40
4% Land Grant Bonds (1909)	96,200	468,173.38
5% Land Mortgage Debentures (1913)	1,477,100	7,188,553.34
4½% Prince Albert Branch 1st Mortgage Bonds		300,000.00
Long Term Loan at 4% against deposit of \$352,000 Bonds of Minnesota and Manitoba R.R. Company payable 1930		349,000.00

\$175,017,195.57

CANADIAN NORTHERN RAILWAY SYSTEM

FUNDED DEBT AFFILIATED COMPANIES

	STERLING	CURRENCY
The Canadian Northern Alberta Railway Company		
<u>Guaranteed by Dominion Government</u>		
3½% 1st Mortgage Debenture Stock .	£ 647,260.0.0	\$ 3,149,993.66
Canadian Northern Western Railway Company		
<u>Guaranteed by Government of Alberta</u>		
4½% 1st Mortgage Debenture Bonds (1943)	575,342.0.0	2,799,997.73
4½% 1st Mortgage Debenture Stock (1942)	1,320,000.0.0	6,424,000.00
Canadian Northern Pacific Railway Company		
<u>Guaranteed by Government of British Columbia</u>		
4% 1st Mortgage Debenture Stock . . .	3,372,329.0.0	16,412,001.13
4½% Terminal Debenture Stock	1,770,000.0.0	8,614,000.00
The Canadian Northern Ontario Railway Company		
<u>Guaranteed by Dominion Government</u>		
3½% 1st Mortgage Debenture Stock . .	7,033,561.0.0	34,229,996.87
<u>Guaranteed by Government of Ontario</u>		
3½% 1st Mortgage Debenture Stock . .	1,615,068.0.0	7,859,997.59
4% Perpetual Consolidated Debenture Stock	1,866,499.0.0	9,083,628.46
Central Ontario Railway		
5% 1st Mortgage Bonds	168,400.0.0	819,546.71
The Bay of Quinte Railway Company		
5% 1st Mortgage Bonds		780,000.00
The Canadian Northern Quebec Railway Company		
4% Perpetual Guaranteed Debenture Stock	1,078,843.0.0	5,250,399.26
Great Northern Ry. of Canada, 4% 1st Mortgage Bonds		3,510,250.00
The Quebec and Lake St. John Railway Company		
4% 1st Mortgage Perpetual Guaranteed Debenture Stock	895,688.0.0	4,359,014.93

CANADIAN NORTHERN RAILWAY SYSTEM

FUNDED DEBT AFFILIATED COMPANIES

—Continued

	STERLING	CURRENCY
Duluth, Winnipeg & Pacific Railway Company		
4% 1st Mortgage Debenture Stock....	f 1,440,683.0.0	\$ 7,011,323.93
The Halifax & South Western Railway Company		
3½% 1st Mortgage Bonds.....		4,447,000.00
The Niagara, St. Catharines and Toronto Railway Company		
5% 1st Mortgage Bonds.....		1,098,000.00
The Qu'Appelle, Long Lake & Saskatchewan Railroad and Steamboat Company		
4% 1st Mortgage Guaranteed Debenture Stock.....	1,031,412.6.0	5,019,539.86
Mount Royal Tunnel & Terminal Company, Limited		
5% 1st Mortgage Rent Charge Bonds..	426,400.0.0	2,075,146.66
The Toronto Suburban Railway Company		
4½% 1st Mortgage Debenture Stock...	540,000.0.0	2,628,000.00
The Canadian Northern Coal & Ore Dock Company Ltd.		
5% 1st Mortgage Bonds.....		1,750,000.00
		<u>\$127,321,811.79</u>

CANADIAN NORTHERN RAILWAY SYSTEM

LOANS FROM DOMINION OF CANADA

SUMMARY

Loans and Advances	\$251,088,248.88
Interest.....	35,191,210.81
	<u>\$286,279,459.69</u>

LOANS

Loan	Security	Amount Outstanding
ADVANCES UNDER 1911 LEGISLATION.....	Mortgage dated October 4th, 1911.....	\$ 2,396,099.68
ADVANCES UNDER 1914 LEGISLATION.....	Mortgage dated July 14th, 1914.....	5,294,000.02
ADVANCES UNDER 1915 LEGISLATION.....	\$12,500,000 C.N.R. 4% Dom. Gtd. Stock under mortgage July 15th, 1914.....	10,000,000.00
ADVANCES UNDER 1916 LEGISLATION.....	Mortgage dated June 23rd, 1916.....	15,000,000.00
ADVANCES UNDER 1917 LEGISLATION.....	Mortgage dated November 16th, 1917.....	25,000,000.00
ADVANCES UNDER 1918 LEGISLATION.....	Mortgage dated November 16th, 1917.....	25,000,000.00
ADVANCES UNDER 1918 WAR MEASURES ACT.....	£733,561 C.N. Alberta Ry. 3½% Gtd. Stock . £316,439 C.N. Ont. Ry. 3½% Gtd. Stock . £406,000 C.N. Ry. 4% Saskatchewan bonds . £417,000 C.N. Pacific Ry. 4½% Branch Lines Stock.....	4,731,522.64
ADVANCES UNDER 1919 APPROPRIATION.....	Mortgage dated November 16th, 1917.....	35,000,000.00
EQUIPMENT LOANS UNDER CHAPTER NO. 38, 1918.....	Notes of the Canadian Northern Ry. Co.	13,951,328.28
ADVANCES UNDER VOTE 96, 1919.....	Notes of the Canadian Northern Ry. Co.	23,362,212.73
ADVANCES UNDER 1920 APPROPRIATION ACT, VOTE NO. 127.....	Mortgage dated November 16th, 1917.....	48,611,077.00
ADVANCES UNDER 1920 APPROPRIATION ACT, VOTE NO. 115.....	Notes of the Canadian Northern Ry. Co.	15,503,426.34

CANADIAN NORTHERN RAILWAY SYSTEM

LOANS FROM DOMINION OF CANADA —Continued

Loan	Security	Amount Outstanding
ADVANCES UNDER 1921 APPROPRIATION ACT, VOTE		
No. 113.....	Notes of the Canadian Northern Ry. Co.....	579,344.85
ADVANCES UNDER 1921 APPROPRIATION ACT, VOTE		
No. 126.....	Notes of the Canadian Northern Ry. Co.....	45,714,662.69
SUPPLEMENTARY APPROPRIATIONS 1921-1922.....		
	Notes of the Canadian Northern Ry. Co.....	7,172,737.68
		<u>277,316,411.91</u>
DEDUCT:—		
Proceeds of C.N.R. 6½% 20 Year Debenture Bonds (\$23,210,763.75) in New York funds representing an exchange of 13% (\$3,017,399.28)		26,228,163.03
		<u>\$251,088,248.88</u>

INTEREST

	Loan or Advance	Interest
ADVANCES UNDER 1911 LEGISLATION..	\$ 2,396,099.68	\$ 37,681.13
" " 1914 "	5,294,000.02	282,540.05
" " 1915 "	10,000,000.00	1,585,616.44
" " 1916 "	15,000,000.00	4,967,753.41
" " 1916 WAR MEASURES ACT REPAID 15/1/21.....		42,940.66
" " 1917 Legislation...	25,000,000.00	6,071,122.58
" " 1918 LEGISLATION..	25,000,000.00	4,972,644.02
" " 1918 WAR MEASURES ACT.....	4,731,522.64	1,122,539.63
" " 1919 LEGISLATION..	35,000,000.00	4,874,271.70
" " 1920 "	48,611,077.00	3,921,121.64
EQUIPMENT LOANS UNDER Ch. 38, 1918	13,951,328.28	2,366,626.96
" " " VOTE 96, 1919.....	23,362,212.73	3,228,419.81
" " " VOTE 115, 1920.....	15,503,426.34	1,115,533.46
" " " VOTE 113, 1921.....	579,344.85	20,442.78
ADVANCES UNDER 1921 LEGISLATION..	45,714,662.69	1,152,086.88
" " ORDER IN COUNCIL 1921.....	7,172,737.68	132,640.69
		<u>35,893,981.84</u>
DEDUCT:—		
Repayment of \$23,210,763.75 out of C.N.R. 6½% 25 Year Bonds.....		621,921.29
Exchange of \$3,017,399.28 on these Bonds.....		80,849.74
		<u>702,771.03</u>
		<u><u>\$35,191,210.81</u></u>



CANADIAN NATIONAL
GRAND TRUNK PACIFIC RAILWAY

CONSOLIDATED

At December

**Incorporating Accounts of Grand Trunk Pacific Branch Lines
Trunk Pacific Development Company; Grand Trunk Pacific
Company.**

ASSETS

FIXED ASSETS.

Investment in Road and Equip- ment (including preliminary and unallocated Expenses, Cost of Guarantee of Bonds) Steamships, Docks, Wharves, Hotels, etc....	\$256,385,107.18	
Other Investments.....	383,300.00	
	<hr/>	256,768,407.18

CURRENT AND WORKING ASSETS.

Cash in Bank and on hand.....	801,772.39	
Balance due from Agents & Con- ductors.....	145,481.93	
Miscellaneous Accounts Receiv- able (net)	2,991,703.53	
Material & Supplies on Hand as per Books.....	891,497.24	
	<hr/>	4,830,455.09

DEFERRED CHARGES..... 477,219.75

PROFIT AND LOSS ACCOUNT..... 66,096,606.46

\$328,172,688.48

RAILWAYS

(IN RECEIVERSHIP)

BALANCE SHEET

31st, 1921.

Company; Grand Trunk Pacific Saskatchewan Railway; Grand Terminal Elevator Company and Grand Trunk Pacific Telegraph

LIABILITIES

CAPITAL STOCK—		
Authorized 450,000 Shares of		
\$100.00 each		45,000,000.00
Issued 249,420 Shares on which		
there is unpaid \$36,600.00....		24,905,400.00
RECEIVERS CERTIFICATES.....		34,400,305.12
LONG TERM FUNDED DEBT—		
Grand Trunk Pacific Railway Coy.	139,062,100.86	
Grand Trunk Pacific Branch		
Lines Company	16,775,262.00	
Grand Trunk Pacific Terminal		
Elevator Company	1,862,352.00	
		157,699,714.86
DOMINION OF CANADA.....		62,809,237.34
GRAND TRUNK RAILWAY SYSTEM...		36,872,142.07
CURRENT LIABILITIES—		
Audited Vouchers and other Float-		
ing Liabilities.....	1,848,655.24	
Interest on Funded Debt past due		
and accrued	9,352,401.89	
Unadjusted Credits (net).....	35,639.18	11,236,696.31
RESERVES—		
Insurance Account.....	11,235.78	
Taxes Accrued	237,957.00	249,192.78
C. E. FRIEND,		
Comptroller.		
		<u>\$328,172,688.48</u>

AUDITORS' CERTIFICATE

We have examined the foregoing Consolidated Balance Sheet of the Grand Trunk Pacific Railway Company, the Grand Trunk Pacific Branch Lines Company, the Grand Trunk Pacific Saskatchewan Railway Company, the Grand Trunk Pacific Development Company, the Grand Trunk Pacific Terminal Elevator Company, and the Grand Trunk Pacific Telegraph Company, as at December 31, 1921, and, having compared it with the books and accounts of the Companies, certify that in our opinion it is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies at that date, according to the best of our information, the explanations given us and as shown by the books of the Companies.

MARWICK MITCHELL & CO.
Chartered Accountants
Auditors

Toronto, Canada,
April 24, 1922

GRAND TRUNK PACIFIC RAILWAY

YAWFIAH SUBSIST SUBST ONARO

INCOME STATEMENT

For Fiscal Year Ended December 31st, 1921

Railway Operating Revenue.....		\$16,638,677.64
Railway Operating Expenses.....		20,668,369.51
Net Deficit on Operation.....		4,029,691.87
(Operating ratio 124.218)		
Railway Tax Accruals.....		357,394.54
		<u>4,387,086.41</u>
Non Operating Income.....		863,185.83
		<u>3,523,900.58</u>
Deductions from Gross Income.....		801,667.77
		<u>4,325,568.35</u>
Fixed Charges—		
Grand Trunk Pacific Railway.....	\$3,279,345.96	
Affiliated Companies.....	631,430.64	
Interest on Demand and Short Term		
Notes		
* Government	4,238,360.86	
Grand Trunk Railway.....	1,742,191.60	
Other Interest and Exchange.....	66,670.76	9,957,999.82
Deficit carried to Profit and Loss Statement....		<u>\$14,283,568.17</u>

*NOTE: Fixed Charges due Dominion Government include \$1,000,000.
Interest on 1909 and 1913 Loans paid through the Grand Trunk
Railway.

GRAND TRUNK PACIFIC RAILWAY

PROFIT AND LOSS STATEMENT

At December 31st, 1921.

Deficit on Income Account for Year . . .	\$14,283,568.17
Delayed Income Drs. and Crs.—Dr.	
Balance applicable prior to 1st Sept.	
1920	1,305,986.25
Balance applicable subsequent to 1st	
Sept. 1920	118,402.33
Deficit brought forward at December	
31st, 1920	50,388,649.71
Railway Coy.	\$48,171,882.18
Development Coy.	2,410,547.40
	<hr/>
	50,582,429.58
Less: Elevator Coy.	193,779.87
	<hr/>
Deficit at December 31st, 1921,	
carried to Balance Sheet	<u>\$66,096,606.46</u>

GRAND TRUNK PACIFIC RAILWAY

FUNDED DEBT

Guaranteed as to Principal and Interest by the Dominion of Canada

3%	1st Mortgage Bonds (Prairie).....	\$11,908,000.00
*3%	1st Mortgage Bonds (Mountain).....	56,132,000.00
4%	Sterling Bonds due 1962.....	8,440,848.00

Guaranteed by the Grand Trunk Railway Company of Canada

4%	Mortgage Prairie Section "A" Bonds.....	10,206,000.00
4%	Mortgage Mountain Section "B" Bonds.....	9,963,000.00
4%	1st Mortgage Lake Superior Branch Bonds.....	7,533,000.00
†5%	Secured Sterling Notes.....	\$9,720,000.00
4%	Perpetual Debenture Stock (conditionally guaranteed).....	34,879,252.86

\$139,062,100.86

* Interest payable by Dominion Government.

† Retired March 2nd, 1921.

Guaranteed by Province of Saskatchewan

4%	1st Mortgage Sterling Bonds	
	Saskatchewan Lines.....	\$11,315,052.00
	Less in Treasury £1100.....	5,346.00
		<u>\$11,309,706.00</u>
4½%	Terminal Sterling Bonds.....	1,881,792.00

Guaranteed by Province of Alberta

4%	1st Mortgage Sterling Bonds	
	Alberta Lines.....	1,159,596.00
	Less in Treasury £1200.....	5,832.00
		<u>1,153,764.00</u>
4%	1st Mortgage Sterling Bonds	
	Alberta Lines	<u>2,430,000.00</u>

\$16,775,262.00

G.T.P. Terminal Elevator Company....

5% 1st Mortgage Sterling Bonds..... 1,862,352.00

\$157,699,714.86

GRAND TRUNK PACIFIC RAILWAY

LOANS FROM DOMINION OF CANADA

SUMMARY

Loans and Advances.....	\$50,591,237.10
Interest on Loans and Advances.....	12,218,000.24
	<u>\$62,809,237.34</u>

LOANS

Loan	Security	Amount Outstanding
G. T. P. LOAN ACT 1909.....	\$10,000,000.00..... G. T. P. Ry.	\$10,000,000.00
G. T. P. LOAN ACT 1913.....	\$15,000,000.00..... 4% Debs. due July 1/23	15,000,000.00
APPROPRIATION ACT 1916.....		7,081,783.45
APPROPRIATION ACT 1917.....		5,038,053.72
APPROPRIATION ACT 1918.....		7,471,399.93
ORDERS IN COUNCIL SEPT. 5, 26th, Oct. 24th, and Nov. 20th, 1914.....	7,499,952.00 G.T.P. Ry. 4% Sterl- ing Bonds Guaranteed by Dom. Govt.....	6,000,000.00
		<u>\$50,591,237.10</u>

INTEREST

	Loan or Advance	Interest
G. T. P. LOAN ACT 1909. Prairie SECTION.....	\$10,000,000.00	\$2,900,000.00
G. T. P. LOAN ACT 1913.....	15,000,000.00	4,200,000.00
APPROPRIATION ACT 1916.....	7,081,783.45	2,125,317.85
APPROPRIATION ACT 1917.....	5,038,053.72	1,209,193.68
APPROPRIATION ACT 1918.....	7,471,399.93	1,423,157.85
ORDERS-IN-COUNCIL Sept. 5, 26, Oct. 24 and Nov. 20, 1914	6,000,000.00	2,220,000.00
INTEREST PAID BY DOMINION GOVERN- MENT ON BONDS GUARANTEED BY GRAND TRUNK RAILWAY DOM- INION, SASKATCHEWAN AND ALBERTA GOVERNMENTS.....		8,244,090.86
		<u>\$22,321,760.24</u>

LESS:—

Interest on \$56,132,000.00 G.T.P. 3% 1st Mortgage Bonds, Mountain Division, payable by Dominion Gov. under Chapter 71.3, Edward VII..	10,103,760.00
	<u>\$12,218,000.24</u>

GRAND TRUNK PACIFIC RAILWAY

RECEIVERS' CERTIFICATES

Certificates.....		\$31,889,066.56
G.T.P. Railway Co.....	\$31,684,585.66	
G.T.P. Development Co.....	175,219.71	
G.T.P. Telegraph Co.....	29,261.19	
Accrued Interest on Certificates.....		2,511,238.56
		<u>\$34,400,305.12</u>

CANADIAN NAT-
CANADIAN GOVERN-

Balance
At December

ASSETS

INVESTMENTS—Property Investment.	
Investment in Road and Equip- ment.....	\$372,400,674.33
CURRENT ASSETS.	
Cash on Hand and in Bank.....	\$ 6,739,474.08
Balance due from Agents—net.....	571,659.13
Miscellaneous Accounts Receivable.	15,890,349.13
Material and Supplies on hand as per Books.....	9,280,228.40
	32,481,710.74
Dominion of Canada Balance due on Deficit Account, as per contra.....	1,359,415.58
Receiver General Provident Fund Account, as per contra.....	610,546.88
DEFERRED CHARGES.	
Unadjusted Debits and Credits....	
Net Balance.....	875,307.96
INCOME ACCOUNT.	
Deficit for the year ended December 31st, 1921.	
Canadian Government Railways	\$ 6,010,755.87
St. John & Quebec Railway.....	316,044.60
	6,326,800.47
	<u>\$414,054,455.96</u>

IONAL RAILWAYS

MENT RAILWAYS

Sheet,

31st, 1921

LIABILITIES

OMINION OF CANADA.		
Advances for Road and Equipment.		\$369,408,222.51
Advances for Material and Supplies and Open Accounts.....		20,466,498.55
Advances for Operating Deficit....	\$ 4,967,384.89	
Deficit Account Balance-unpaid as per Contra.....	1,359,415.58	6,326,800.47
BRANCH LINES PURCHASE ACCOUNT.....		120,000.00
CURRENT LIABILITIES.		
Audited Vouchers and Other Current Liabilities...		15,853,635.04
Employees Provident Fund as per Contra.....		610,546.88
RESERVES.		
Equipment Renewal Account, etc.....		1,268,752.51
		<u>\$414,054,455.96</u>

AUDITORS' CERTIFICATE

We have examined the books and records of the Canadian Government Railways at Moncton for the twelve months ended 31st December 1921, and we certify that in our opinion the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the affairs of the Canadian Government Railways at the 31st December, 1921 and is in accordance with the information and explanations given us.

GEORGE A. TOUCHE & CO.
Chartered Accountants
Auditors.

Toronto, Canada
May 16th, 1922

CANADIAN GOVERNMENT RAILWAYS

INCOME STATEMENT

For Fiscal Year ended December 31st, 1921

	Canadian Gov- ernment Rys.	St. John & Quebec Ry.	Total
Railway Operating Revenue	\$40,964,303.92	\$311,010.92	\$41,275,314.84
Railway Operating Expenses	46,551,602.67	438,445.07	46,990,047.74
Net Deficit on Operations...	\$ 5,587,298.75	127,434.15	5,714,732.90
Railway Tax Accruals...	35,743.87		35,743.87
	\$ 5,623,042.62	127,434.15	5,750,476.77
Non Operating Income....	457,352.46	606.47	457,958.93
	\$ 5,165,690.16	126,827.63	5,292,517.84
Deductions from Gross Income.....	845,065.71	189,216.92	1,034,282.63
Deficit carried to Balance Sheet.....	\$ 6,010,755.87	316,044.60	6,326,800.47

CANADIAN NATIONAL RAILWAYS

Comparative Summary of Operating Results—Twelve Months Ended December 31st, 1921, 1920 and 1919.

GROSS EARNINGS	1921	1920	1919
Canadian Northern Ry..	\$69,088,474.16	\$66,695,398.80	\$53,562,177.57
Canadian Government Rly.....	40,964,303.92	44,537,803.85	40,179,380.93
Grand Trunk Pac. Rly...	16,638,677.64	14,408,549.66	11,294,617.87
Total.....	\$126,691,455.72	\$125,641,752.31	\$105,036,176.37

DISTRIBUTION.

Freight.....	\$ 93,785,017.60	\$ 90,951,115.73	\$ 71,228,041.03
Passenger.....	21,110,052.83	23,583,571.58	23,999,309.67
Sleeping Car.....	1,740,506.05	1,414,009.24	1,093,279.08
Mail.....	2,023,725.72	1,089,089.49	978,094.68
Express.....	3,657,756.53	3,415,193.46	2,497,351.71
Miscellaneous.....	4,374,396.99	5,188,772.81	5,240,100.20

OPERATING EXPENSES.

Canadian Northern Rly..	\$ 75,564,385.30	\$ 82,953,978.60	\$ 60,034,023.92
Canadian Govern. Rly...	46,551,602.67	54,987,680.28	47,728,205.73
Grand Trunk Pac. Rly...	20,668,369.51	24,543,063.60	17,587,567.37

Total.....\$142,784,357.48\$162,484,722.48\$125,349,797.02

DISTRIBUTION.

Mtce. of Way & Str....	\$ 33,707,956.47	\$ 42,907,217.78	\$ 33,533,548.95
Mtc. of Equipment....	31,649,007.49	34,834,703.34	25,202,304.33
Traffic.....	2,555,090.60	2,456,715.09	1,772,276.52
Transport'n—Rail.....	71,601,188.73	76,695,606.01	59,180,351.87
Transport'n—Water....	120,970.66	350,135.79	782,316.69
Miscellaneous.....	2,063,096.85	2,564,663.07	2,095,216.42
General.....	3,074,590.13	3,378,724.34	2,783,782.24
Transport'n for Invest. Cr.....	1,987,543.45	703,042.94	

OPERATING DEFICIT.

Canadian Northern Rly..	\$ 6,475,911.14	\$ 16,258,579.80	\$ 6,471,846.35
Canadian Govern. Rly..	5,587,298.75	10,449,876.43	7,548,824.80
Grand Trunk Pac. Rly..	4,029,691.87	10,134,513.94	6,292,949.50

Total.....\$ 16,092,901.76\$ 36,842,970.17\$ 20,313,620.65

OPERATING RATIOS.

Canadian Northern Rly.	109.37	124.38	112.08
Canadian Govern. Rly..	113.64	123.46	118.78
Grand Trunk Pac. Rly..	124.21	170.34	155.71

Total.....112.70129.32119.34

CANADIAN NATIONAL RAILWAYS

INCOME ACCOUNT

FOR

Years ended December 31st, 1921 and 1920.

Gross Operating Revenue

	1921	1920
Canadian Northern Rly. System	\$ 69,088,474.16	\$ 66,695,398.80
Canadian Government Railways	40,964,303.92	44,537,803.85
Grand Trunk Pacific Railway	16,638,677.64	14,408,549.66
Canadian National Railways	<u>\$126,691,455.72</u>	<u>\$125,641,752.31</u>

Operating Expenses

Canadian Northern Rly. System	\$ 75,564,385.30	\$ 82,953,978.60
Canadian Government Railways	46,551,602.67	54,987,680.28
Grand Trunk Pacific Railway	20,668,369.51	24,543,063.60
Canadian National Railways	<u>\$142,784,357.48</u>	<u>\$162,484,722.48</u>

Net Deficit from Railway Operations

Canadian Northern Railway System	\$ 6,475,911.14	\$16,258,579.80
Canadian Government Railways	5,587,298.75	10,449,876.43
Grand Trunk Pacific Railway	4,029,691.87	10,134,513.94
Canadian National Railways	<u>\$16,092,901.76</u>	<u>\$36,842,970.17</u>

Tax Accruals

Canadian Northern Rly. System	\$ 1,191,890.84	\$ 1,185,652.28
Canadian Government Railways	35,743.87	60.50
Grand Trunk Pacific Railway	357,394.54	45,409.30
Canadian National Railways	<u>\$ 1,585,029.25</u>	<u>\$ 1,231,122.08</u>

Total Operating Deficit

Canadian Northern Rly. System	\$ 7,667,801.98	\$17,444,232.08
Canadian Government Railways	5,623,042.62	10,449,936.93
Grand Trunk Pacific Railway	4,387,086.41	10,179,923.24
Canadian National Railways	<u>\$17,677,931.01</u>	<u>\$38,074,092.25</u>

Non Operating Income

Canadian Northern Rly. System	\$ 3,119,349.72	\$ 1,845,994.62
Canadian Government Railways	457,352.46	1,737,978.51
Grand Trunk Pacific Railway	863,185.83	1,837,442.03
Canadian National Railways	<u>\$ 4,439,888.01</u>	<u>\$ 5,421,415.16</u>

INCOME ACCOUNT—Continued

Deductions from Gross Income

	1921	1920
Canadian Northern Rly. System.....	\$ 1,011,242.14	\$ 125,637.37
Canadian Government Railways.....	845,065.71	720,096.33
Grand Trunk Pacific Railway.....	801,667.77	812,404.79
Canadian National Railways.....	<u>\$ 2,657,975.62</u>	<u>\$ 1,658,138.49</u>

Total Deficit Before Fixed Charges

Canadian Northern Rly. System.....	\$ 5,559,694.40	\$15,723,874.83
Canadian Government Railways.....	6,010,755.87	9,432,054.75
Grand Trunk Pacific Railway.....	4,325,568.35	9,154,886.00
Canadian National Railways.....	<u>\$15,896,018.62</u>	<u>\$34,310,815.58</u>

Fixed Charges

CANADIAN NORTHERN RLY. SYSTEM

Interest due Public.....	\$17,595,707.51	\$13,993,695.36
Interest due Government.....	13,224,208.27	10,326,260.69
	<u>\$30,819,915.78</u>	<u>\$24,319,956.05</u>

GRAND TRUNK PACIFIC RAILWAY

Interest due Public.....	\$ 3,977,447.36	\$ 4,270,244.38
Interest due Government.....	1,535,474.22	1,539,224.00
Interest on Receiver's Certs.....	1,702,886.64	808,351.63
Interest due Grand Trunk Rly...	2,742,191.60	2,256,467.90
	<u>\$ 9,957,999.82</u>	<u>\$ 8,874,287.91</u>

Canadian National Railways.....	<u>\$40,777,915.60</u>	<u>\$33,194,243.96</u>
---------------------------------	------------------------	------------------------

Total Deficit

Canadian Northern Railway System..	\$36,379,610.18	\$40,043,830.88
Canadian Government Railways.....	6,010,755.87	9,432,054.75
Grand Trunk Pacific Railway.....	14,283,568.17	18,029,173.91
Canadian National Railways.....	\$56,673,934.22	\$67,505,059.54
St. John and Quebec Rly. (Leased)...	316,044.60	346,015.49
	<u>\$56,989,978.82</u>	<u>\$67,851,075.03</u>

CANADIAN NATIONAL RAILWAYS

Statement showing Operating Revenue Paid in Labor and Average Number of Employees. Years 1921 and 1920

	1921	1920	Increase or Decrease	Inc. or Dec. %
GROSS EARNINGS.				
Can. Nor. Rly...	\$69,088,474.16	\$66,695,398.80	\$2,393,075.36	3.59
Can. Govt. Rlys.	40,964,303.92	44,537,803.85	3,573,499.93	8.02
Gr. Trunk Pac..	16,638,677.64	14,408,549.66	2,230,127.98	15.48
SYSTEM	\$126,691,455.72	\$125,641,752.31	\$1,049,703.41	0.84

OPERATING LABOR.				
Can. Nor. Rly...	\$42,233,504.97	\$47,563,113.08	\$5,329,608.11	11.20
Can. Govt. Rlys.	28,649,972.81	35,941,959.31	7,291,986.50	20.28
Gr. Trunk Pac..	11,498,120.09	15,262,647.77	3,764,527.68	24.66
SYSTEM	\$ 82,381,597.87	\$98,767,720.16	\$16,386,122.29	16.59

RATIO OF LABOR TO GROSS EARNINGS.				
Can. Nor. Rly....	61.13	71.31	10.18	14.27
Can. Govt. Rlys.	69.94	80.70	10.76	13.33
Gr. Trunk Pac....	69.10	105.92	36.82	34.76
SYSTEM	65.03	78.61	13.58	17.28

COMPARISON OF PAYROLL (INCLUDING BETTERMENTS).

Can. Nat. Rlys..	\$88,755,060.20	\$105,109,803.29	\$16,354,748.09	15.56
------------------	-----------------	------------------	-----------------	-------

Average Number of Employees

	1921	1920	Decrease %	Decr.
Canadian Government Rlys.....	20,658	23,849	3,191	13.38
Canadian Northern Rlys.....	32,384	33,654	1,270	3.77
Grand Trunk Pacific.....	7,281	7,821	540	6.90
Canadian National.....	60,323	65,324	5,001	7.66

CANADIAN NATIONAL RAILWAYS

**Train Traffic Statistics—For Twelve Months ended December 31st
1921, 1920 and 1919**

	1921	1920	1919
TRAIN MILEAGE			
Passenger Trains.....	12,578,548	13,322,587	11,919,559
Freight Trains.....	18,715,076	20,988,345	18,359,522
Mixed Trains.....	3,269,508	3,496,965	3,355,381
Total Train Miles (Excluding Special Train Miles).....	34,563,132	37,807,897	33,634,462
CAR MILEAGE			
Passenger.			
Coaches, Parlor, Sleeper and Dining Cars.....	61,361,293	55,744,463	57,030,694
Baggage, Mail, Express, Etc.....	30,242,272	38,149,446	32,973,665
Total Passenger Car Miles.....	91,603,565	93,893,909	90,004,349
Freight.			
Loaded Freight Car Miles.....	389,090,694	420,074,960	356,133,867
Empty Freight Car Miles.....	211,283,957	168,809,115	147,006,593
Caboose Miles.....	29,507,800	21,224,990	19,232,736
Total Freight Car Miles.....	629,882,451	610,109,065	522,373,196
Passenger cars per traffic train mile.....	5.78	5.58	5.89
Freight cars per traffic train mile.....	28.65	24.92	24.06
PASSENGER TRAFFIC			
Passengers Carried (Earning Revenue).....	11,856,620	13,572,245	12,578,970
Passengers Carried (Earning Revenue) one mile.....	711,867,853	841,636,864	915,173,565
Passengers Carried (Earning Revenue) one mile per mile of road.....	42,027	50,957	56,136
Average Journey per Passenger Miles.....	60.04	62.01	72.8
Average amount received per passenger.....\$	1.70	1.66	1.84
Average amount received per passenger mile.....Cts.	2.83	2.68	2.52
Average number of passengers per train mile.....	44.92	50.04	59.91
Average number of passengers per car mile.....	11.60	15.10	16.04
Revenue from Passengers per passenger car mile.....Cts.	32.79	40.52	40.48
Total passenger train earnings per train mile.....\$	1.76	1.71	1.83
Total passenger train earnings per mile of road.....\$	1,650.98	1,738.52	1,714.77
FREIGHT TRAFFIC			
Tons of revenue freight carried.....	21,182,466	25,089,376	22,100,455
Tons of revenue freight carried one mile.....	8,991,467,782	9,221,370,748	7,801,309,879
Tons of non revenue freight carried one mile.....	1,300,553,019	1,232,876,909	908,328,733
Total tons (All classes) freight carried one mile.....	10,292,020,801	10,454,247,657	8,709,638,612
Tons of revenue freight carried one mile per mile of road.....	530,839	558,314	478,523
Tons of non-revenue freight carried one mile per mile of road.....	76,782	74,645	55,716
Total tons (all classes) freight carried one mile per mile of road.....	607,621	632,959	534,239
Average amount received per ton per mile revenue freight.....Cts.	1.039	0.983	0.909
Average number of tons revenue freight per train mile.....	408.99	376.61	359.26
Average number of tons non-revenue freight per train mile.....	59.16	50.35	41.83
Average number of tons (all classes) freight per train mile.....	468.15	426.96	401.09
Average number of tons revenue freight per loaded car mile.....	23.11	21.95	21.91
Average number of tons non-revenue freight per loaded car ml.....	3.34	2.93	2.55
Average number of tons (all classes) freight per loaded car mile.....	26.45	24.88	24.46
Average haul, revenue freight.. Miles.....	424.48	367.54	352.99
Freight Train earnings per loaded car mile.....Cts.	24.02	21.58	19.92
Freight Train Earnings per train mile.....\$	4.25	3.70	3.27
Freight Train Earnings per mile of road.....\$	5,516.56	5,489.12	4,351.85

CANADIAN NATIONAL RAILWAYS

DESCRIPTION OF FREIGHT CARRIED YEAR ENDED 31st DECEMBER, 1921.

	Quantity	Tons	%
Flour and other Mill Products.....	8,349,220	Sacks	417,461
Wheat.....	119,266,200	Bus.	3,577,986
Oats.....	68,099,529	"	1,157,692
Barley and other Grains.....	17,133,810	"	435,695
Hay and Straw.....			208,808
Fruit (Fresh).....			96,826
Vegetables and other Agricultural Products.....			188,379
Horses.....	40,387	Hd.	34,329
Cattle.....	270,075	"	162,045
Sheep and Hogs.....	454,250		45,425
Other Animal Products.....			118,882
Coal and Coke.....			4,184,781
Building Material, Stone, Etc.....			769,854
Ores.....			109,056
Other Mine Products.....			205,497
Logs, Lumber, Etc.....	1,994,906	M. F.	2,992,359
Cordwood.....	257,338	Cds.	360,273
Pulpwood.....			1,968,710
Other Forest Products.....			114,870
Immigrants Effects and Household Goods.....			82,226
Petroleum Products.....			385,587
Paper, Wood Pulp, Etc.....			424,829
Other Manufactures.....			1,133,060
Merchandise and Miscellaneous.....			2,007,836
Total Tons.....			21,182,466
			100.00

CANADIAN NATIONAL RAILWAYS

Statement showing details of Equipment on Hand December 31st, 1920; Retirements, Deliveries and Position at December 31st, 1921.

	Dec. 31st 1920	Retire- ments during the year	Deliver- ed during year	Dec. 31st 1921
LOCOMOTIVES.				
Passenger.....	1,730	9	12	1,733
Freight.....		—	1	227
Switching.....		—	—	13
Electric Locomotives.....	13	—	—	13
Total Locomotives.....	1,969	9	13	1,973
PASSENGER EQUIPMENT.				
First Class Cars.....	477	14	14	477
Second Class Cars.....	249	19	—	230
Combination Cars.....	192	—	3	195
Colonist Cars.....	348	6	—	342
Dining Cars.....	62	1	12	73
Parlor Cars.....	67	3	3	67
Sleeping Cars.....	202	1	21	222
Postal Cars.....	55	—	—	55
Baggage & Express.....	509	14	70	565
Business & Pay Cars.....	66	2	2	66
Other Cars in Pass. Service....	61	4	26	83
Total.....	2,288	64	151	2,375
FREIGHT EQUIPMENT...				
Box Cars.....	55,824	706	715	55,833
Flat Cars.....	9,768	182	—	9,586
Stock Cars.....	3,494	19	350	3,825
Coal Cars.....	8,371	112	—	8,259
Tank Cars.....	78	7	—	71
Refrigerator Cars.....	1,719	23	104	1,800
Other Cars in Frt. Service.....	1,435	29	189	1,595
Total.....	80,689	1,078	1,358	80,969
WORK EQUIPMENT.....				
Gravel Cars.....	271	7	215	479
Derrick Cars.....	181	14	20	187
Caboose Cars.....	1,074	55	30	1,049
Other Road Cars.....	3,497	251	173	3,419
Total.....	5,023	327	438	5,134
Total Cars.....	88,000	1,469	1,947	88,478

CANADIAN NATIONAL RAILWAYS

Mileage of Railway Lines as of December 31st, 1921.

MARITIME DISTRICT

	Miles	
Halifax Ocean Terminals to Mont Joli	480.17	
Sydney to Truro	224.27	
Moncton to St. John	89.34	
Pacific Junction to Monk	343.54	
Point Tupper to St. Peter's	30.64	
New Glasgow to Pictou Landing	8.30	
Stellarton to Oxford Junction	79.40	
Ferrona Junction to Sunny Brae	12.51	
Pictou to Brown Point	1.92	
Pugwash Junction to Pugwash	4.60	
Windsor Junction to Stewart	81.92	
Halifax to Deep Water Terminals	3.68	
Sackville to Cape Tormentine	36.05	
Painsec Junction to Point Du Chene	11.98	
Moncton to Buctouche	29.93	
Salisbury to Albert	44.77	
Elgin to Havelock	26.11	
St. Martins to Hampton	28.73	
Fredericton to Derby Junction	110.64	
Stanley Junction to Stanley	5.46	
Nelson Junction to Loggieville	13.77	
Gloucester Junction to Tracadie	73.16	
Pokemouche Junction to Shippegan	6.85	
Tide Head to St. Leonard	105.12	
Connection with B. & A. Ry. at St. Leonard (Leased Line)	0.62	
Dalhousie Junction to Dalhousie	6.67	
		1,860.15
<i>Prince Edward Island Railway:</i>		
Charlottetown to Tignish	115.26	
Emerald Junction to Borden	12.63	
Royalty Junction to Souris	55.00	
Harmony Junction to Elmira	9.89	
Mt. Stewart Junction to Georgetown	24.29	
Montague Junction to Montague	6.36	
Charlottetown to Murray Harbour	47.83	
Lake Verde to Vernon	4.43	
Alberton to Alberton Wye	0.30	
		275.99
<i>Halifax & South Western Railway:</i>		
Southwestern Junction to Yarmouth	245.78	
Mahone Junction to Lunenburg	7.06	
Bridgewater Junction to Port Wade	92.56	
Caledonia Junction to Caledonia	22.11	
Liverpool to Milton	4.78	
Middleton Junction to Middleton (Running rights on D. A. R.)	0.60	
		372.89
<i>Vale Railway. (Leased Line):</i>		
Thorburn to New Glasgow		5.95
<i>St. John & Quebec Railway. (Leased Line)</i>		
Westfield Beach to Centerville	158.11	
St. John to Westfield Beach (Running rights on C. P. R.)	13.96	
		172.07
Total Mileage Maritime District		2,687.05

MILEAGE—Continued

QUEBEC DISTRICT

	Miles
Mont Joli to St. Rosalie Junction (via Levis) ..	323.41
St. Rosalie Junction to Montreal (Joint Section G. T. R.)	37.62
Monk to Diamond Junction	101.01
Joffre to Armstrong	956.60
Quebec to St. Marc	48.40
St. Prospere to Montreal	115.80
Montreal (Tunnel Terminal) to Hurdman (Ottawa)	111.60
St. Charles Junction to Joffre	16.84
Cap Rouge to Cadorna	5.88
Cadorna to Quebec (Palais Sta.) (Running rights C. P. R.)	3.20
Riviere a Pierre Junction to Garneau Jct.	39.70
Joliette to Cushing Junction	61.60
Riviere Ouelle Junction to Riviere Ouelle	6.48
Lyster to Deschaillons	29.59
St. Leonard Junction to Nicolet	16.76
Bridge to Champlain Market	6.48
Aldred Junction to Shawinigan Falls	3.80
Paradis to Rawdon	15.70
Rinfret Junction to Huberdeau	45.30
Arundel to China Clay Mines	9.20
Cartierville Spur	0.80
	1,955.77

Quebec and Saguenay Railway:

Cap Tourmente to Murray Bay	62.31
St. Joachim to Cap Tourmente (Leased Line) ..	5.30
	67.61

Quebec and Lake St. John Railway:

Quebec (Parent Sq.) to Chicoutimi	226.0
Montmorency Junction to Montmorency Mills ..	7.2
Loretteville to Stoneham	10.0
Valcartier to Clark's	5.4
Lynton Junction to La Tuque	39.6
	288.20

James Bay and Eastern Railway:

Chambord Junction to St. Felicien	29.70
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Total Mileage Quebec District 2,341.28

ONTARIO DISTRICT

Hurdman to Current River	901.30
Current River to Pt. Arthur (Running rights C.P.R.)	2.10
Riverside to Ottawa (Central Sta.) Running rights G.T.R.)	1.70
Rideau Junction to Sydenham	80.80
Deseronto to Todmorden	132.90
Toronto (Union Sta.) to Rosedale (Running rights G.T.R.)	3.80
Todmorden to Capreol	272.20
Duncan to Donlands	2.10
Donlands to Dovercourt Rd. (Joint Section C.P.R.)	6.70
Harrowsmith to Kingston (Running rights C.P.R.)	18.60
Oshawa to Oshawa Town	2.40

MILEAGE—Continued

Brockville to Westport.....	44.40	
Udney to Orillia (Includes 2.80 M running rights C.P.R.).....	10.20	
Key Junction to Key Harbour.....	6.20	
Sudbury Junction to Sudbury.....	5.20	
Garson Junction to Garson.....	3.70	
Algo to C.N. Junction, Algoma Eastern Con- nection.....	2.40	
Connection with T. & N. O. Railway.....	0.25	
Sellwood Junction to Sellwood.....	3.97	
		<hr/> 1500.92

Central Ontario Railway :

Trenton to Picton.....	30.60	
Trenton to Wallace.....	117.60	
Belmar to Cordova.....	9.60	
Ormsby Junction to Coe Hill.....	7.20	
		<hr/> 165.00

Bessemer & Barry's Bay Ry :

Bessemer Junction to Bessemer.....	4.80	
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Irondale, Bancroft and Ottawa Railway :

York River Junction to Howland.....	51.00	
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Bay of Quinte Railway :

Yarker to Bannockburn.....	54.50	
Deseronto to Sydenham.....	31.00	
		<hr/> 85.50

Total Mileage Ontario District..... 1,807.22

ELECTRIC LINES IN PROVINCE OF ONTARIO

Toronto, Niagara and St. Catharines Railway :

Port Dalhousie to Niagara Falls.....	16.74	
Thorold to Port Colborne.....	18.54	
Niagara Falls to Fallsview.....	4.63	
St. Catharines to Niagara-on-the-Lake.....	12.18	
Local Lines, St. Catharines.....	9.51	
		<hr/> 61.6

Toronto Suburban Railway :

Toronto to Woodbridge.....	12.0	
Toronto to Lambton.....	2.1	
Lambton to Guelph.....	46.4	
Local Lines in Toronto.....	4.1	
		<hr/> 64.6

Total Mileage Electric Lines in Ontario..... 126.20

CENTRAL DISTRICT

Armstrong to Winnipeg.....	390.54	
Ft. William to Superior Junction (includes 0.53 miles running rights C.P.R.).....	191.84	
Port Arthur to Rainy River.....	285.97	
International Boundary to Winnipeg (St. Boniface).....	106.75	
Winnipeg to Watrous.....	406.60	
Beaver to Dauphin.....	102.59	

MILEAGE—Continued

West Tower to M. & B. Junction.....	77.07	
Twin City Junction to North Lake, North Lake Branch.....	59.15	
South Junction to Emerson Junction.....	72.69	
Junction Emerson Br. to end of Steel.....	2.86	
G. N. Junction to International Boundary....	0.08	
Paddington Junction to Victoria Beach.....	72.75	
Junction Transcona to end of Steel.....	4.02	
St. James Junction to Gypsumville.....	158.04	
Steep Rock Junction to Steeprock.....	12.36	
Grosse Isle to Hodgson.....	80.98	
Oakland to Amaranth.....	44.18	
Ochre River to end of Track.....	14.90	
Carman Junction to Somerset Junction.....	78.67	
Junction Carman S. D. to Notre Dame de Lourdes.....	2.63	
Greenway to Deloraine.....	80.18	
Muir to Neepawa to McCreary Junction....	70.41	
Brandon Junction to Carberry Junction.....	22.85	
Rosburn Junction to Ross Junction.....	190.57	
Hallboro to Beulah.....	75.43	
Wroxton to Willowbrook.....	41.37	
Melville to Canora.....	54.63	
Connections at Yorkton (Running rights C. P. R. 0. 38).....	0.87	
Connection at Canora (Running rights C.P.R.)..	0.08	
		2,701.06
<i>Minnesota and Manitoba Railway, (Leased Line):</i>		
Rainy River to International Boundary.....		43.72
<i>Duluth, Winnipeg & Pacific Railway:</i>		
International Boundary to D. W. & P. Jct....	169.00	
Duluth Junction to Centre of lift span.....	1.51	
Connections at Duluth (Running rights Nor. Pacific Railway).....	5.63	
Connections at Duluth (Running rights L.S.T. and T. Railway).....	0.87	
Connections at Duluth (Running rights C. St. P. M. & O. Ry.).....	0.88	
		177.89
<i>Northern Pacific and Manitoba Railway, (Leased Line):</i>		
Portage Junction to Portage La Prairie.....	52.44	
Portage Junction to Emerson.....	62.81	
Morris to Belmont.....	102.21	
M. & B. Junction to Brandon.....	2.36	
Winnipeg Transfer Railway.....	1.20	
		221.02
<i>Red River Valley Railway, (Leased Line):</i>		
Winnipeg (South side Water Ave.) to Portage Junction.....	2.92	2.92
<i>Portage and North Western Railway:</i>		
Portage La Prairie to Beaver.....	19.67	
Delta Junction to Delta.....	15.05	
		34.72
Total Mileage Central District.....		3,181.33

MILEAGE—Continued

PRAIRIE DISTRICT

Dauphin to North Battleford	394.90
Watrous to Biggar	118.30
Brandon to C. N. Junction Regina	220.02
Melville to Regina	97.50
Saskatoon to Kindersley	125.84
North Junction to Denholm via Prince Albert	477.17
Sifton Junction to Winnipegosis	21.06
Thunderhill Junction to Lintlaw	100.26
Canora to Sturgis Junction	21.44
Hudson Bay Junction to M.P. 214	302.06
Humbolt to Melfort	54.15
Young to Prince Albert	111.50
Shellbrook to Big River	56.97
Dalmeny to Carlton	36.80
Hartney to Virden	38.06
Maryfield to Bengough	184.35
Luxton to Estevan	25.08
Regina to Northgate	154.21
Talamage to Weyburn	15.21
Bengough Junction to Moose Jaw	86.99
Gravelbourg Junction to Gravelbourg	80.62
Regina to Riverhurst	112.58
Delisle to Demaine	88.22
Tichfield to Eaton	114.40
Connections at Regina	1.71
Prince Albert Branch Connection	0.79
Saskatoon, (Running rights C.P.R.)	11.95
Spur Lines on District	17.15
	<hr/>
	3,069.29

Northern Pacific and Manitoba Railway, (Leased Line):

Hartney Jct. to M. & B. Junction	37.45
Belmont to Hartney	54.13
	<hr/>
	91.58

Qu'Appelle L.L. and Saskatchewan Railway:

Regina to Saskatoon	160.42
Saskatoon to East Prince Albert	89.60
Craven Junction to Craven	4.38
C. N. Junction Regina to Junction with Q.L.L. and S. Ry. (running rights C.P.R.)	1.12
	<hr/>
	255.52
Total Mileage Prairie District	3,416.39

WESTERN DISTRICT

North Battleford to Lobstick Junction	332.92
Biggar to Edmonton	262.60
Kindersley to Calgary	273.65
North Battleford to Turtleford	55.70
Battleford Junction to Old Battleford	7.91
Oban to Battleford	48.57
Battleford to end of steel (Cut Knife Branch)	49.86
Biggar to Loverna	104.08
Eaton to Alsask	33.73
Camrose S. E. Junction to Alliance	59.70
Medicine Hat Junction to Steveston	58.82
Vegreville Junction to Munson Junction	161.28
Tofield to Calgary	201.41
Warden to Otway	114.76
Otway to Ullen (Running rights C.P.R.)	4.27

MILEAGE—Continued

Ullen to Brazeau	55.38
Camrose Junction to Terminal Junction (South Edmonton)	45.77
St. Paul Junction to St. Paul	120.91
St. Albert To Athabaska	85.36
Cardiff Junction to Cardiff	2.45
Peace River Junction to Whitecourt	72.40
Edmonton Junction to Stony Plains	19.94
Spur Lines Calgary Branch	3.71
Connections at Camrose, Canora & Calgary, (Running rights C.P.R.)	0.61
	<hr/> 2,175.79
<i>Edmonton, Yukon and Pacific Railway.</i>	
Junction at Edmonton to Strathcona	9.21
	<hr/>
Total Mileage Western District	2,185.00
MOUNTAIN DISTRICT	
Edmonton to Prince Rupert	957.17
Bickerdike to Lovett	56.33
Mountain Park Coal Spur	30.57
Alberta Coal & Mountain Park Branch	7.78
Alberta Coal & Pacific Pass Branches	2.54
Snaring Junction to Pocahontas	15.58
Spurs on Mountain District	19.11
	<hr/>
Total Mileage Mountain District	1,089.08
PACIFIC DISTRICT	
Red Pass Junction to Fraser River Junction ..	471.60
Jct. with G.N. Railway to New Depot, Van- couver	0.80
New Westminster To Gov't Bridge (Running rights)	1.00
Gov't Bridge to Vancouver (Running rights G. N. Railway)	13.00
Kamloops Jct. to Kamloops	2.85
Patricia Bay to Victoria	15.50
	<hr/>
Total Mileage Pacific District	504.75
Total Mileage in Operation December 31st, 1921	17,338.30
MILEAGE SUMMARY BY DISTRICTS	
Maritime District	2687.05
Quebec District	2341.28
Ontario District	1807.22
Central District	3181.33
Prairie District	3416.39
Western District	2185.00
Mountain District	1089.08
Pacific District	504.75
Electric Lines—Ontario	126.20
	<hr/>
	17338.30
Average Mileage Operated During 1921.	
Can. Nat. Railways (Steam and Electric)	17,064.43
St. John & Quebec Railway. (Leased Line)	172.07
	<hr/>
	17,236.50
SUMMARY	
Mileage used in C.N.R. Traffic Returns	16,938.23
Mileage of St. John & Quebec Railway	172.07
Mileage of Electric Railways	126.20
	<hr/>
Total average operated mileage 1921	17,236.50
	<hr/> <hr/>

